

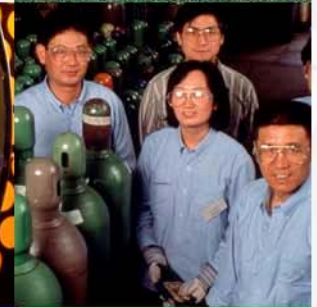
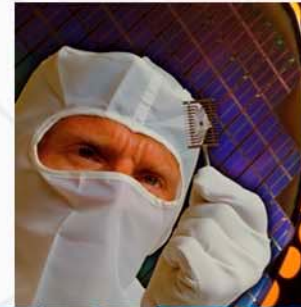


UBS Grass Roots Chemical Conference

Opportunities for Growth in North America

James Fuchs
**President, North American
Industrial Gases and President,
Praxair Canada, Inc.**

February 17, 2005



Forward Looking Statements



The forward-looking statements contained in this announcement concerning demand for products and services, the expected macroeconomic environment, sales, margins, earnings growth rates, and other financial goals involve risks and uncertainties, and are subject to change based on various factors. These include the impact of changes in worldwide and national economies, the cost and availability of electric power, natural gas and other materials, development of operational efficiencies, changes in foreign currencies, changes in interest rates, the continued timely development and acceptance of new products and processes, the impact of competitive products and pricing, the impact of tax, accounting and other legislation, litigation, government regulation and the effectiveness and speed of integrating new acquisitions into the business.

- **87% industrial gases, 13% other businesses**
- **Strong positions in key geographies**
- **Robust business model**
 - > Long term contracts
 - > Take or pays
 - > Site requirements contracts
- **Broad customer base**
- **Providing key solutions to customers at small fraction of cost stack**



On-site 25%



Liquid 29%



Package 33%



Other 13%

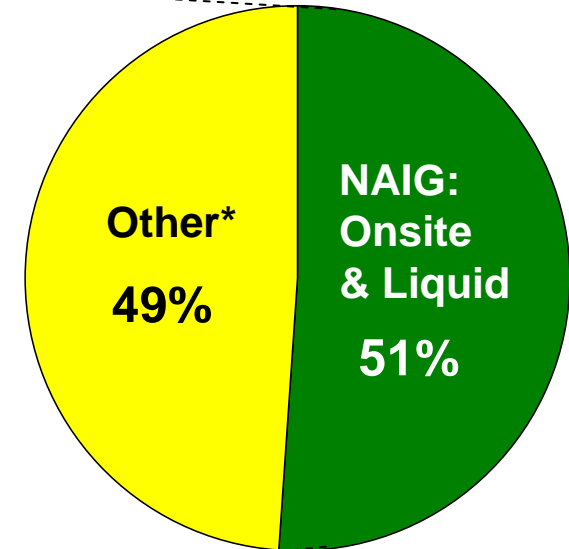
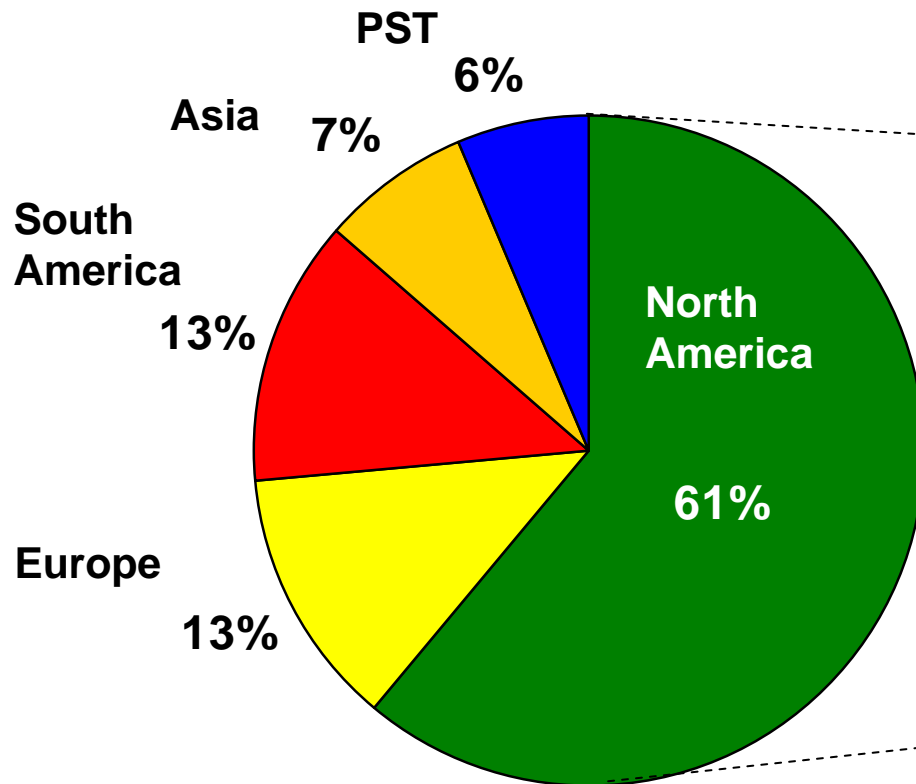
North American Industrial Gases (NAIG)



2004 Sales

Praxair, Inc.
\$6.6 B

North America Segment
\$4.2 B



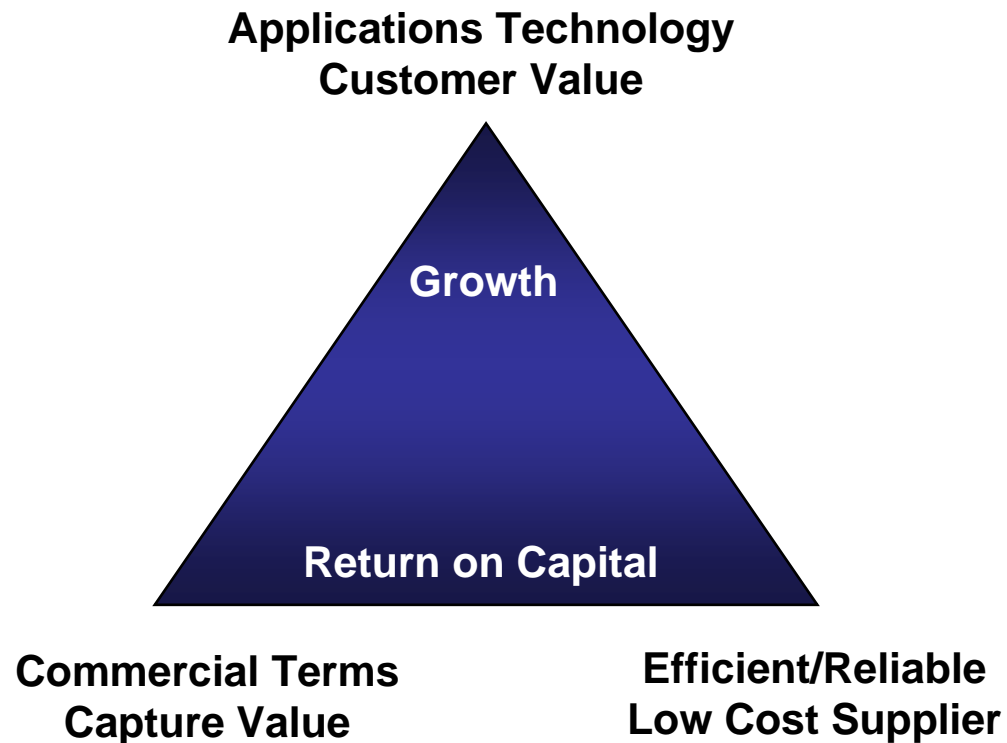
*Includes packaged gas, Mexico, other

◆ Optimize growth opportunities

- Hydrogen for refineries
- Oil & gas drilling
- Applications technologies
- Channels & integrated supply
- Services

◆ Relentless focus on execution

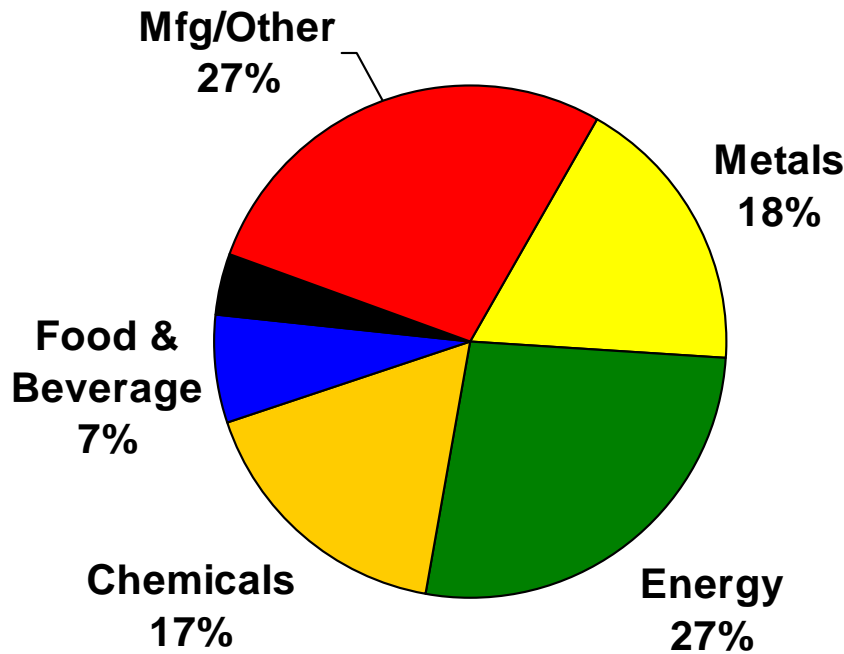
- Pricing & contracting
- Energy management
- Productivity
- Operations excellence



Sustainable growth business model

2004 Sales

NAIG End- Markets



2004 Growth (YOY)

	<u>NAIG Sales</u>	<u>IP Index</u>
General Mfg.	4%	4%
Energy (ex. NG)	12%	2%
Metals	14%	9%
Chemicals	10%	7%
Food & Bev.	4%	2%

Sales growing significantly faster than our end markets

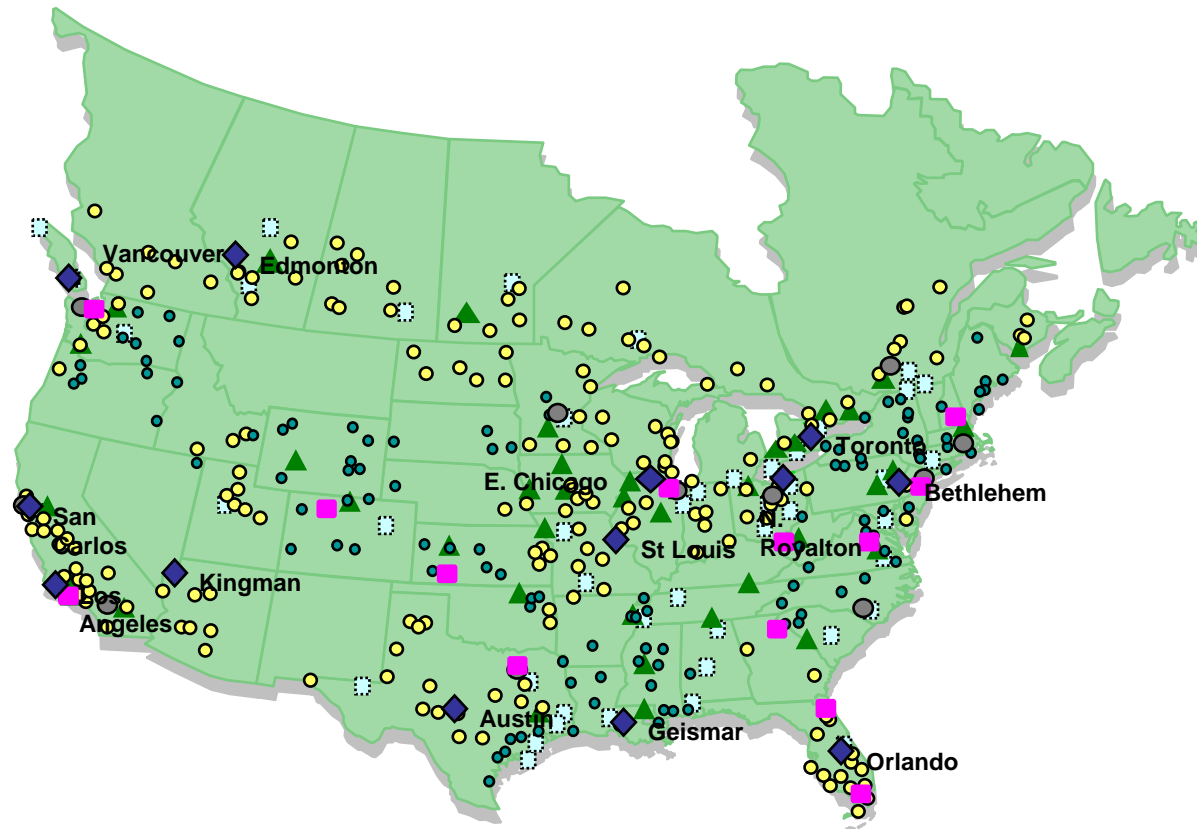
1) Federal Reserve Industrial Production Dec 2004

Onsite and Bulk Gases

- ◆ 300 production plants
- ◆ 8000 customer locations
- ◆ 1500 distribution vehicles
- ◆ 11 pipeline enclaves

Packaged and Specialty Gases

- ◆ 400 branches
- ◆ >300,000 customers
- ◆ 280 independent distributors



Hydrogen for Refineries

- Low sulfur fuel regulations
- Strong demand for gasoline and diesel
- Heavy crude upgrading
- Outsourcing hydrogen supply
- Upgrading hydrogen production technology
- Canadian synthetic crude
 - Upgrading bitumen
 - Refining

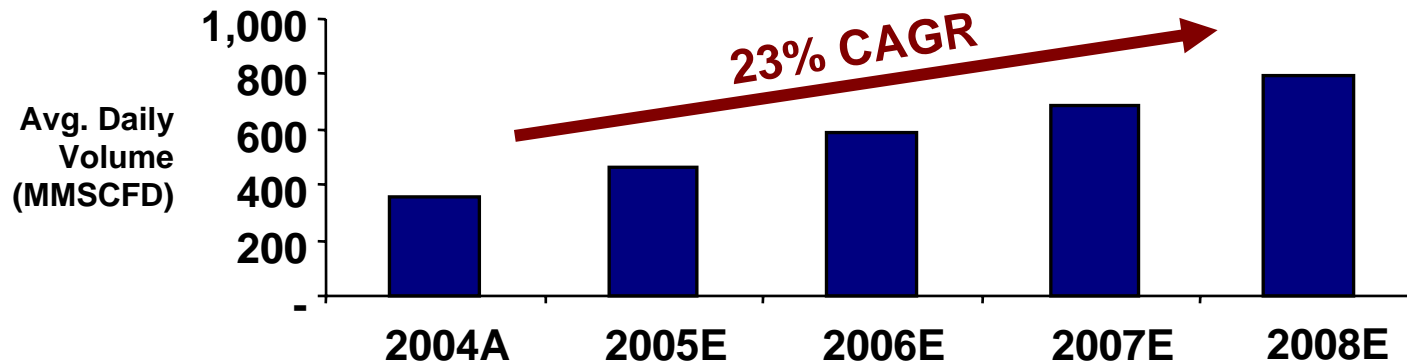
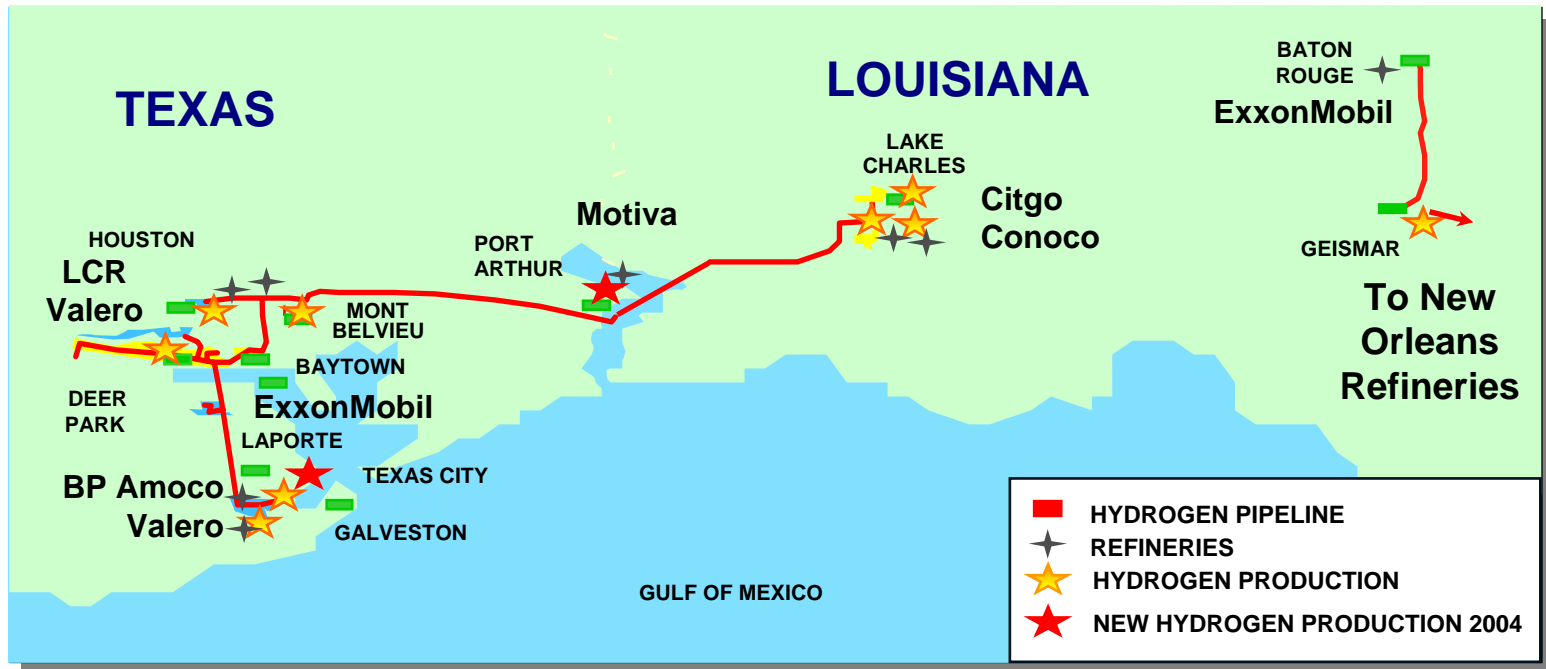
Sulfur Fuel Specifications

	Gasoline	On-Road Diesel	Off-Road Diesel	Locomotive & Marine
2004	120ppm			
2005	30ppm			
2006	↓	15ppm	500ppm	500ppm
2007				
2008			↓	15ppm
2009				
2010				
2011				
2012				15ppm



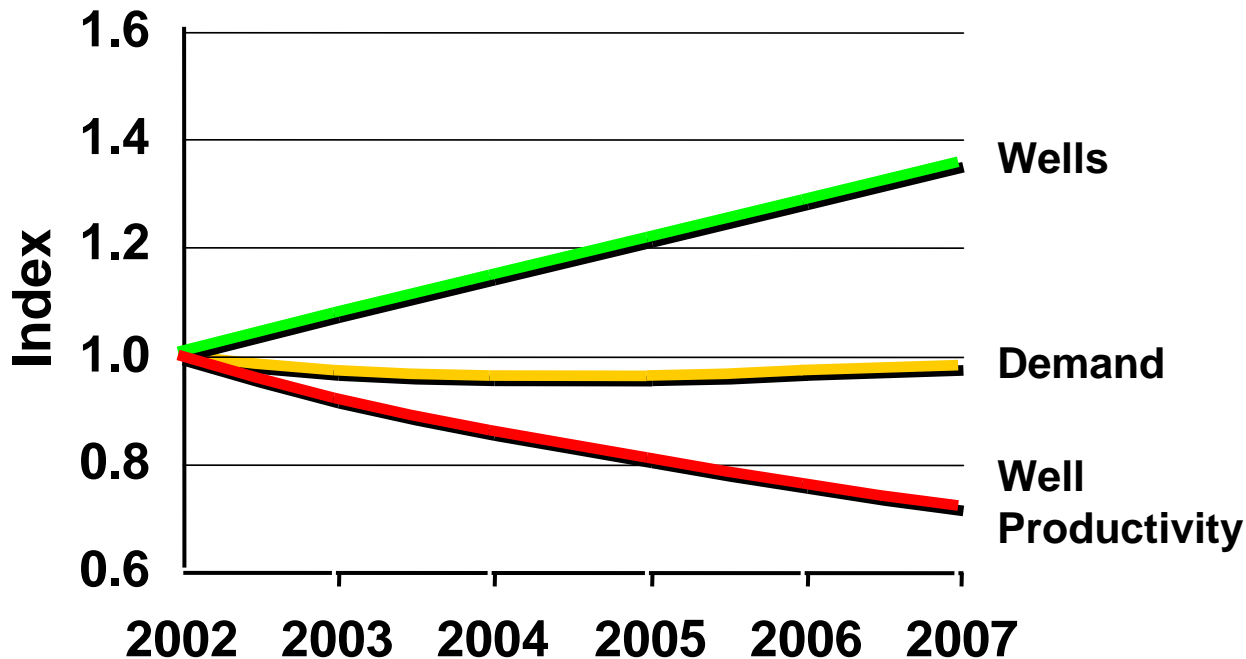
Strong growth in North America

Gulf Coast Hydrogen System



Well positioned for customer growth

North American Natural Gas Market



Praxair Position

- N2 and CO2 for oil & gas well fracturing
- CO2 pumping services
- Enhanced oil recovery
- Strong supply positions
- Experienced organization

Significant growth opportunity

*Includes JV sales

COMBUSTION

- Steel
- Glass
- Cement
- Refining

PROCESS INDUSTRIES

- Environmental
 - O₂ for wastewater treatment
 - VOC reduction
- Pharma/biotech
 - Low temperature refrigeration
 - Reactor cooling

FOOD PROCESSING

- Food freezing
- Food chilling
- Fruit & vegetable disinfection
- Turn-key offerings
 - Gases, equipment, and installation
 - Testing and system selection

Customer value drives growth for Praxair

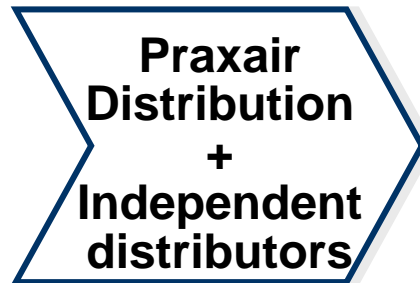
Production



Onsite & Liquid
Gases



Distribution



Filling & Cylinder
Distribution

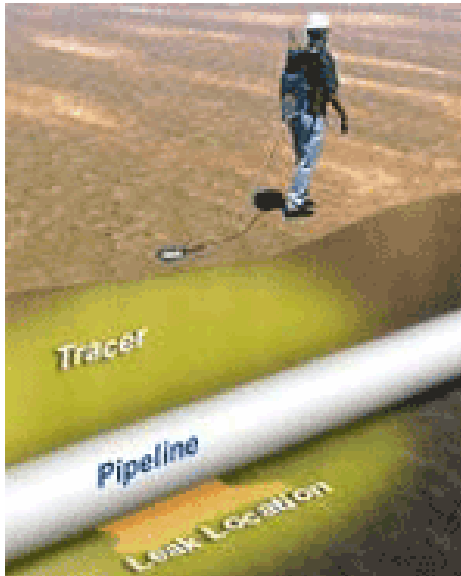


- Eyes and ears in local markets create sales leads
- National network with Praxair Distribution and independent distributors
- Full range supply integration with key accounts
- Grow customers from cylinders to bulk to onsite

Local presence and cross-selling drive growth

Growth Strategy

- Extend industrial gas business
- Focus on growth segments
- Enhance customer relationships

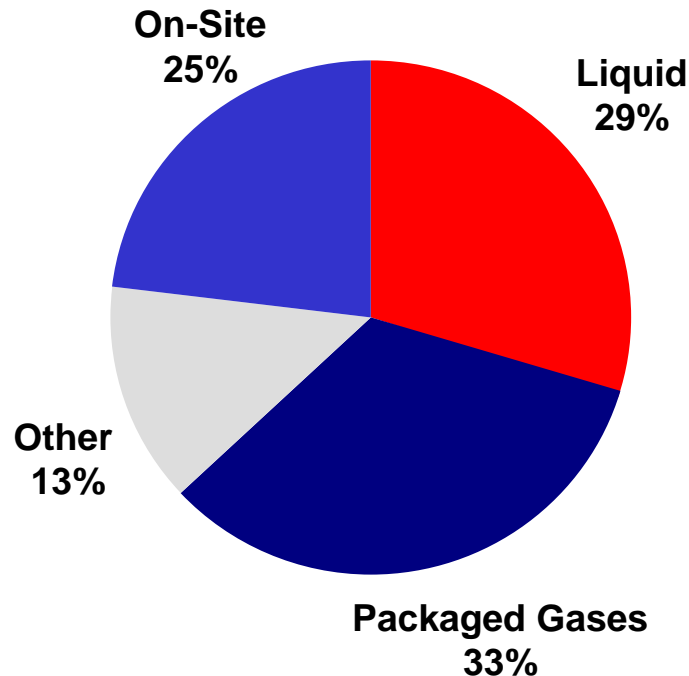


Service Businesses

- Refining/energy industry services
 - Refinery productivity & asset integrity
 - Oil & gas pipeline integrity assessment
 - Gas station tank integrity assessment
- Magnetic resonance imaging (MRI) helium services
- Cryogenic trailer services

Value added services that extend our core business

Distribution Method (Praxair, Inc.)



Cost Pass Through to Customer

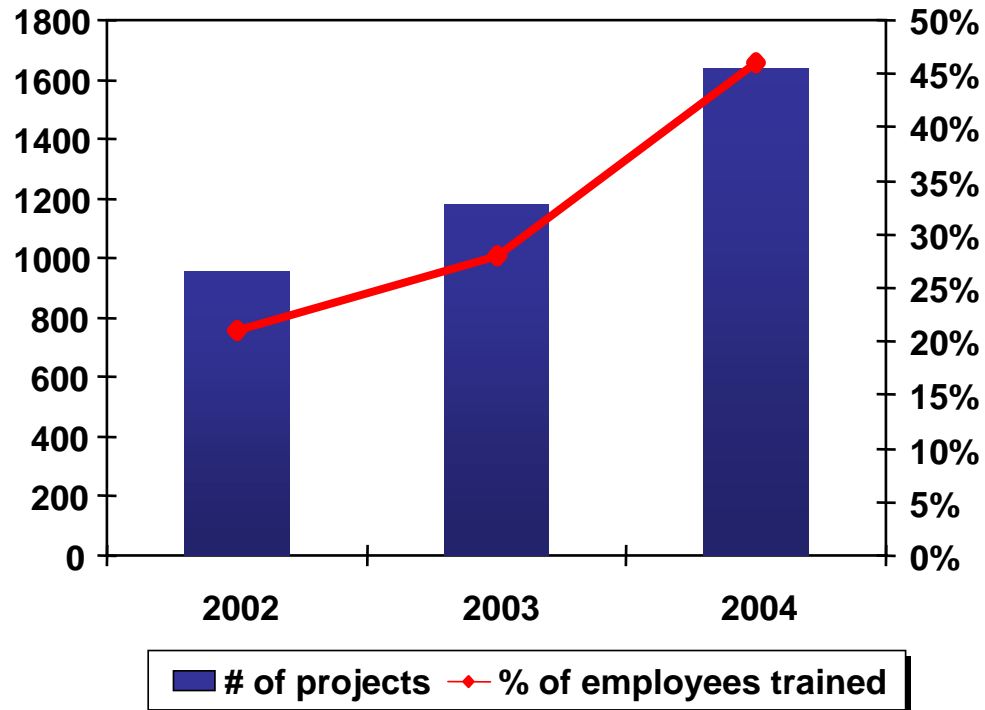
- Hydrogen:
 - 100% Nat Gas pass through
- Atmospheric Gases
 - Onsite
 - Pass through - 60 day lag
 - Liquid
 - Variety of escalation mechanisms
 - Surcharges

Contracting model drive returns

Sources of Cost Savings

- Leverage procurement
- Drive operations efficiency
 - Per unit power consumption
 - Volume/trip
 - On-stream reliability
- Utilize six sigma
 - Operations
 - Business processes
 - Customer interface

Six Sigma # of projects and % of workforce trained



Accelerating productivity initiatives using Six Sigma

- **Strong, sustainable, organic growth**
- **Diverse end markets and applications technology**
- **High quality customer base**
- **Only national integrated supplier**
- **Productivity and operations excellence**
- **Capital and pricing discipline**
- **High returns and profitability**

We deliver.

Principles of Sustainability

Governance and Integrity

Foster a culture of integrity and accountability throughout the company through rigorous compliance with all laws, and by establishing and following effective corporate governance practices.

Customer Commitment

Continuously develop new products and applications that help our customers improve their productivity, energy efficiency and environmental performance. Provide the highest levels of service, reliability and quality to our customers.

Environmental Responsibility

Continue to improve the efficiency of energy consumption. Reduce the intensity¹ of air emissions, including greenhouse gases.

Employee Safety and Development

Maintain a safe work environment with a goal of zero accidents. Provide training and career opportunities that allow employees to develop to their fullest potential. Increase the diversity of our workforce so that it is more representative of the communities in which we operate.

Community Support

Help to improve the welfare and future of the communities in which we operate by sharing our knowledge, expertise and resources related to environmental protection, and community health, safety and security.

Financial Performance

Continuously improve our financial performance and provide attractive returns to our shareholders. Generate operating cash flow to reinvest in business growth and pay dividends.

¹Intensity is per-unit-of-production measure

